# Exhibit M

VOLUME IV

Continued Videotaped Deposition of JOHN LOCKWOOD, M.D.

### 42 (Pages 1079 to 1082)

1081

1079

1 not sure, that was also a distributor type

- 2 wholesaler.
- 3 So we had a number of sources that
- 4 involved pricing directly from wholesalers, both
- 5 distributor type wholesalers and full line
- 6 wholesalers as well as GPO prices.
- Q. What's the distinction you draw between
- 8 distributor type wholesalers and full line
- 9 wholesalers?
- 10 A. You know, I don't draw a lot of
- 11 distinctions. They both have the same wholesale
- 12 license, as far as I know, in most states; but in
- 13 many circumstances, but not all circumstances,
- 14 distributors tend to buy low and sell higher, and
- 15 they don't do chargebacks; whereas many of the
- 16 full line wholesalers are in the business of
- 17 buying high and selling lower, which involves the
- 18 whole chargeback mechanism, if -- if there is a
- 19 contract involved.
- 20 So, um, and it's interesting that if
- you buy at the list price from McKesson, the list
- 22 price at McKesson is many times much, much higher

1080

- 1 than the purchase price at a distributor/
- 2 wholesaler.
- 3 So I think they're all wholesalers,
- 4 there are different in how they do business with
- 5 providers or, you know, with those that can buy
- 6 the drugs.
- 7 Q. Let me summarize and make sure I got
- 8 all the categories that you mentioned in terms of
- 9 your sources of pricing.
- One category were generic wholesalers
- 11 like J.J. Balan and Anda, for instance.
- Another category would be GPOs like
- 13 Innovatix and Servall; is that right?
- 14 A. Yes.
- Q. And perhaps Florida Infusion but you
- 16 are not sure?
- 17 A. Well, Florida Infusion is not really a
- 18 GPO, they are a wholesaler, distributor type
- 19 wholesaler.
- Q. That's right, that's a possibility but
- 21 you are not sure?
- 22 A. I'm not sure if they carried the

inhalant drugs or not, I think they did; but I

- 2 know that J.J. Balan and Anda did for sure, we
- 3 purchased drugs from them.
- 4 Q. And that covers the categories of
- 5 sources of information of Roxane's pricing?
- A. Well, and full line wholesalers like
- 7 McKesson and you can buy either their list price
- 8 or at contract price if you had a GPO
- 9 relationship that worked through McKesson.
- 10 Q. I believe Servall was one of McKesson's
- 11 GPOs?
- 12 A. Yes, correct.
- Q. Do you mind refreshing my memory as to
- 14 when Ven-A-Care became a Servall member?
- 15 A. I just looked at that actually
- 16 yesterday. March of 2000 I believe is when we
- 17 became a Servall member, and we started getting
- 18 Servall prices, as I recall, almost immediately
- 19 after, after signing the contract; but prior to
- 20 that they were an Innovatix member.
- We were not buying direct from the
- 22 company. I don't believe we've made any effort to

- 1 buy direct from the company, at least I'm not
- 2 aware of any.
- 3 Q. When you say "not buying direct from
- 4 the company," you mean not buying directly from
- 5 Roxane itself?
- 6 A. Yes, we didn't do that; but, um,
- 7 meaning we didn't call the company directly to
- 8 purchase drug. How you define "direct" is a
- 9 whole other issue, but I think that's -- I think
- 10 that's it.
- Now there may be other companies that I
- didn't mention that we had sources from, for
- 13 instance we did have, you know, there were some
- 14 other GPOs that we may have had access to in the
- 15 1995 time range that had Roxane products, but not
- 16 ipratropium, obviously, because it didn't hit the
- 17 market until later.
- Q. Do you remember approximately when
- 19 Roxane's ipratropium bromide did hit the market?
- 20 A. You know, my recollection is '96-97
- 21 time frame.
- Q. I take it Ven-A-Care has never signed a

48 (Pages 1103 to 1106)

1103

- 1 is eight years later, you don't remember what was
- written, if anything, about Roxane in that
- disclosure statement; right?
- 4 A. No, because we would include pricing
- information and for some companies we might have
- more explicit materials than others. We might
- 7 have marketing flyers or faxes or a variety of
- things that might speak to the issue, and for 8
- other companies we didn't. But the disclosure
- 10 statements tended to identify all of those.
- Q. Okay. So sitting here today you don't 11
- 12 know, in terms of the exhibits or documents about
- Roxane's pricing, you can't remember what, if 13
- anything, was in there? 14
- 15 A. I can't tell you the contents of that
- 16 other than I -- it would have been a compilation
- 17 of pricing information and other evidence that we
- gathered over time for Roxane. 18
- 19 Q. Now I recall from your last day of
- 20 testimony, which was a couple months ago, that
- you had mentioned collecting information from 21
- Servall, which was that McKesson-connected GPO,
  - 1104

- on about 25 NDC's?
- A. Yes, sir. 2
- Q. And you sent that information on to the 3
- Boston attorney's office; do you remember that? 4
- 5 A. Yes, sir, yes.
- Q. And I think you testified that was 6
- 7 sometime in early 2000; does that sound right to
- 8 you?
- 9 A. Well, in part I looked at some -- I
- 10 looked at that Servall document yesterday to look
- at that issue and we signed the contract in March 11
- of 2000 and it took me a little time to figure 12
- out how to make all that work and print and do 13
- things and provide that information to the 14
- government, but it was sometime during 2000, to 15
- the best of my recollection, meaning I don't 16
- think it was in March of 2000, um, but it was 17
- 18 probably by, I would think, by April when we were
- 19 doing this, we had figured out how to run the
- 20 software and were able to print out individual
- pricing reports, and a very simple thing to do
- for the ipratropium drugs for Roxane, and then we

- were able to figure out how to print the entire
- data set to a file and then import that data set
- into something like Microsoft Access; so we
- ultimately provided the government the pricing or
- all the NDCs that were in the McKesson database
- 6 So my recollection of how this happened
- would be that we printed individual sheets, I
- believe in April or prior to this, um, but the
- entire data dump, so to speak, of the whole
- 10 database occurred later within the year and we
- 11 updated that database at I think 10 or 11 or 12
- points in time between 2000 and 2002 so that we
- had a data dump of ballpark 25,000 NDCs that we 13
- gave to the government on 10 or 11 occasions at 14
- varying points in time during that time period 15
- 16 and after.
- 17 Q. What was the purpose of sending that to
- 18 the government?
- 19 A. We were attempting to disclose as much
- information as we could to the Federal 20
- Government, and ultimately the States, about 21
- 22 pharmaceutical pricing so that they could

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- understand for themselves what was happening,
- they could look for, you know, for themselves at
- the type of pricing that was occurring and on a
- variety of different drugs.
- 5 Q. So from that database they could
- theoretically look up Roxane's NDCs that you had
- listed in the Complaint and see whether your
- pricing was the real pricing that could be
- 9 obtained?
- 10 A. Yes, sir, and then ultimately we were
- able to figure out a way to duplicate the 11
- program, actually the Econolink program, and gave
- 13 them a laptop with a functioning version of the
- Econolink program on it that they could basically
- run the program and -- and show them what it was 15
- like to be a pharmacist looking at the Econolink
- program and the prices that were available. 17
- 18
  - Q. When did you do that? When did you get
- 19 the laptop with the functioning software?
- A. I would say late 2000 or perhaps early 20
- 2001, I'd have to look, but somewhere or, yeah,
- late 2000 to maybe mid 2001, I'd have to look

# 49 (Pages 1107 to 1110)

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1 exactly, but sometime when that became available

- 2 we turned that over to the Government so they
- could look at the entire range.
- 4 Q. I messed up the question earlier. I
- 5 just wanted to clarify the question. My question
- 6 was when did you give the Federal Government the
- 7 laptop with the functioning Econolink software,
- 8 and I think you said somewhere late 2000 or
- 9 around then?
- 10 A. Yes, late 2000 or perhaps 2001, I could
- 11 try to find the date at some point, but yes.
- 12 Q. Now, what kind of information is
- 13 available through this Econolink Servall
- 14 database?
- 15 A. It has an AWP column -- well, let's
- 16 first of all say it has the NDC number, it has
- 17 the company, the package size, a variety of just
- 18 core information about the product --
- 19 Q. Okay.
- 20 A. -- that tells you essentially what
- 21 product you've got.
- 22 It then has a column for the AWP, which

- 1 actually had a little thing where it would show
- 2 you the spread and it was labeled spread between
- 3 the AWP and the acquisition cost that was
- 4 calculated by the software. It was user-
- 5 friendly information about drugs and prices and
- 6 would show you the difference between the
- 7 contract price and the AWP or the list price and
- 8 the AWP.
- 9 Q. When you say it would show you the
- 10 spread or the difference between the AWP and the
- 11 contract price or the list price, would it show
- 12 it to you in a numeric form? In other words a
- 13 difference in dollars between them or as a
- 14 percent?
- 15 A. In numerics, a dollar amount.
- 16 There is -- the Econolink manual
- 17 actually speaks to that spread, I don't know if
- 18 you want to call it window, or it's essentially
- 19 a, you know, you could push a button and it would
- 20 bring up at some point a small window that would
- 21 show the AWP and your purchase price and give you
- 22 a spread dollar difference, and they called it

- my understanding is McKesson got a download from
- 2 First DataBank for that periodically; you had a
- 3 column telling you the date that AWP had been
- 4 updated by McKesson, it may or may not be the
- 5 exact AWP that was in the market at that time but
- 6 the date that it had been updated; and it gave
- 7 you the list price at McKesson which in some --
- 8 in general we believe was relatively close to the
- 9 WAC price, within five percent usually of
- $10\,$  McKesson's acquisition cost; and it gave us
- ${\tt 11}\;\;$  contract price if a contract was available on
- 12 that product, and the dates, relevant information
- 13 like that.
- 14 And then the program would allow you to
- 15 look for drugs by any variety of methods, the
- 16 McKesson Econolink number, by NDCN, buyer brand
- 17 name and by generic name, and perhaps some other
- 18 things that were internal McKesson things.
- 19 So you could look up drug in a number
- 20 of different ways and then you would find if
- there were generics to the drug or not, and there
- 22 was one aspect of it where you could -- they

- 1 the spread.
- Q. That was the actual word that was used
- 3 on the database?
- 4 A. Yes, sir.
- 5 Q. When you say "contract price," what was
- 6 your understanding of what contract price
- 7 represented?
- 8 A. Um, the contract price, um, would
- 9 represent a GPO price and which in general was a
- 10 Servall price. There may be a few drugs that
- 11 Servall didn't have that would be covered by
- 12 that, I believe -- and I believe were covered by
- 13 Innovatix pricing, and we had some discussion, as
- 14 I recall, with McKesson about that because
- 15 normally you have one GPO but if a GPO doesn't
- 16 cover all the drugs you are allowed to have a
- backup, so to speak, for additional drugs. So
- 18 the prices were the Servall contract prices, and
- 19 there's not always a contract on every -- on
- 20 every drug.
- 21 Manufacturers bid to be on those
- 22 contracts. If they don't win the bid then they're

#### 50 (Pages 1111 to 1114)

not on there. But there is then also a list

price, which is a price you can buy at without a

- 3 contract.
- 4 O. You said a little bit earlier it was
- 5 very simple to pull up Roxane's ipratropium
- bromide through this process. How would that
- happen? How would you pull up the price if you
- wanted to look at what Roxane's ipratropium 8
- bromide was and in particular an AWP versus its
- spread; what would you do mechanically? 10
- A. You would click on the Econolink Icon 11
- 12 on the computer, you would open the software
- program, and you had a number of choices from the 13
- menu and vou could -- and vou could essentially 14
- 15 look at the items in the catalog of drug prices,
- 16 and when you brought up -- if you typed in NDC
- 17 number, you could search by NDC number, you could
- search by generic name, when it brought up the 18
- 19 drug it had two ways of producing information,
- 20 one was called a long form, which presented all
- the information on that drug on one sheet of
- paper, and it had a short form which presented
  - 1112
  - all the information on that drug in smaller
  - print, usually from left to right on -- on a
- sheet of paper; and I think there was a little 3
- more information in the long form than the short
- form, as I recall, but I'm not 100 percent sure
- of that, but I believe that was the case. 6
- 7 Q. Approximately how long would it take
- 8 you to do this if you were going to, let's say,
- 9 calculate the spread and get this pricing
- 10 information on an NDC of Roxane of ipratropium
- bromide; how much time would it take you to 11
- 12 generate this?

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- 13 A. Well, you know, if you had an NDC in
- mind you could type the NDC in, the pricing 14
- information popped up immediately, and it had the 15
- AWP and the list price and the contract price and 16
- you could do the mathematics yourself, or there 17
- 18 was another way to go into the software where you
- 19 would bring up the window that would calculate it
- 20 for you, it would do the math for you. So you
- 21 could do it either way, whichever you preferred.
- Q. Couple of minutes per NDC or something 22

- 1 like that?
- 2 A. Oh, I wouldn't say that long. I mean
- how long it takes you to type in the number, the
- information popped up immediately, it was
- immediate, and however long it took you to do the
- math in your head, which, you know, if you want
- to calculate to the penny that's one thing, but
- if the AWP is \$30.00 and your purchase price is
- 10, well, or 9.98, you know, you're going to,
- 10 based on the AWP spread is going to be about
- \$20.00, I mean, and you could bring up a whole 11
- host of drugs under a generic listing, for
- instance Albuterol or ipratropium, and would list 13
- all the generic ipratropiums and sometimes even
- 15 the brand, list them all in a line across, and
- 16 you could look at which one had the best AWP and
- 17 which one had the lowest purchase price.
- 18 Q. Okay, so maybe even less than one
- 19 minute per NDC?
- 20 A. Yes, I would say very -- I would say
- 21 very quickly.
- 2.2 Q. Going back to, well, actually let me
  - connect this back to the disclosure statement.
- 2 Do you recall whether any of these
- printouts from the Econolink, the Servall
- information we're talking about, was sent along
- with the disclosure statement that we're talking
- about in paragraph 19 of Roxane 90? 6
- 7 A. I believe they were, but I don't -- I
- can't tell you a 100 percent, but I would say
- that by April of 2000, by April 10th I believe we
- 10 had functioning Econolink Servall prices and, you
- know, you had to learn how to use these things 11
- and one of the easier things to do would be to
- 13 print a simple sheet, so I believe they were
- 14 there, ves.
- Q. Let's move ahead to paragraph 30 of 15
- 16 Roxane 90, which is on page 15. And if you
- wouldn't mind just briefly reviewing paragraph 17
- 18 30, which carries over to page 16, and I have a
- 19 couple of questions to ask you about this
- 20
- 21 [Witness peruses document.]
- 22 A. Okay.

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## 51 (Pages 1115 to 1118)

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- Q. In particular, at the top of page 16,
- 2 last sentence of paragraph 29 you talk about the
- 3 Relator's, that being Ven-A-Care's, investigation
- 4 that revealed that each of the defendants,
- 5 presumably including Roxane, when responding to
- 6 Texas Medicaid either affirmatively lied about
- 7 their true prices or omitted material information
- 8 to mislead Texas.
- 9 Do you see allegation?
- 10 A. Yes, I do, um hum.
- Q. Can you explain to me what the basis of
- 12 that allegation was.
- 13 A. Well, we -- and I need to sort of sort
- 14 through the dates and times about exactly what we
- 15 had and when -- but we very quickly started
- 16 working with the State of Texas, especially once
- 17 we -- well, the benefit of the -- one of the
- 18 benefits of the Econolink software was that we
- 19 could easily pull up NDCs and drugs and look at
- 20 pricing very quickly as opposed to having to have
- 21 a huge stack of paper to sort through.
- So at some point we had been working

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- with the State of Texas for a while and we worked
- 2 with the Texas Medicaid Program and they asked us
- 3 to really come out and look at a lot of their
- 4 drugs, as many as we could tolerate looking at,
- 5 to help them find discrepancies between, um,
- 6 prices that they were paying or prices that were
- 7 reported to them.
- 8 Sometimes the difference was that they
- 9 were reported one WAC and -- and we felt we could
- 10 show that McKesson was buying the drug at a
- 11 different WAC, or perhaps they reported a certain
- 12 number and they were showing them that the
- 13 contract prices that we thought were often widely
- 14 available were much lower; but we went through
- 15 that process, and as part of that -- of helping
- 16 them with that they at some point made available
- 17 information to us showing what manufacturers had
- $18\,\,$  reported to them, and Texas requires that you
- 19 fill out a form and list a variety of prices on
- 20 that form, and we were at times working with the
- 21 Attorney Generals and the Medicaid program people
- 22 to compare our prices to the prices that were

1 reported to Texas.

- Q. When was this project when you reviewed
- 3 these documents?
- 4 A. Well, we started that in early 2000, is
- 5 my recollection, um, and what I recall about it
- 6 is that the Econolink software made that much
- 7 more -- much easier to do, because we had the
- 8 information electronically, we could do a
- 9 printout, for instance, you could not only search
- 10 an NDC you could search an NDC range.

So if Roxane's labeling code is 00054,

- 12 you could query the system for NDCs 00054 with
- all zeros through 00054 all nines, and it would
- 14 then give you a printout of all of the Roxane
- 15 drugs with their AWPs, their list prices and
- 16 their contract prices so that we could look at a
- 17 manufacturer much easier, we could go print out
- 18 and look at it and compare those and compare
- 19 those to the reports that had been given to Texas
- 20 or for the prices that Texas was paying or both.
- Q. And the Econolink also had the WACs in
- 22 it, didn't it?

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- A. Well, it had a -- the list price as
- 2 best we could determine was within five percent
- 3 of the WAC, so it was very close representation
- 4 of McKesson's actual acquisition cost, in their
- 5 mind at least, their -- what they're going to
- 6 call WAC, which I would probably prefer to call
- 7 their invoice price.
- 8 Q. Now, did you share the Econolink
- 9 software with the State of Texas Medicaid
- 10 personnel?
- 11 A. Yes, we did. Pricing information-wise
- 12 initially, and then ultimately we gave the State
- 13 of Texas a laptop with a functioning version of
- 14 Econolink.
- Q. When was that?
- 16 A. And -- and ultimately printouts --
- well, ultimately I believe the databases that we
- 18 created from the printouts, by importing a text
- 19 file into Microsoft Access it allows you to
- 20 manipulate the data in more ways. You can divide
- AWP by list price very simply in a column; you
- 22 can divide AWP by contract price very simply in a

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#### 57 (Pages 1139 to 1142)

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1 I've just handed you what's been marked

- 2 as Roxane 96, it appears to be a document that's
- Bates labeled VAC MDL 43246 through 43247. It
- appears to be a cover sheet fax from Ven-A-Care
- to Rob Vito, dated April 5, 2000, and then
- attached to it appears to be a printout from
- McKesson of a product sold to Ven-A-Care on March
- 29, 2000. 8
- 9 Do you recognize this document?
- 10 A. Yeah, this is actually, I think this is
- an invoice. I mean it says invoice at the top of 11
- it. So it's invoice verification and these --
- 13 the 11.72 and the I guess 28.12 appear to match
- up for those NDC numbers; but I would suspect, at 14
- least, that based on the date of this that these 15
- 16 purchases I suspect are based on the Servall
- 17 contract, I'm at least suspicious that they are,
- or if not then the Innovatix contract with 18
- McKesson. 19

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- So you can see that they're, you're 20
- correct, the 11.72 is a little cheaper than the 21
- price in the preceding page of 12.95, yes, and

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- apparently we did send these to Rob Vito.
- 2 Q. So does it appear to you that the
- purchase that's indicated on or about March 29,
- 2000 in Roxane 96 is the source of the prices
- that you have listed here at the top of page 46
- of the Complaint? 6
- 7 A. Well, whether they were the source or
- not, they certainly would be a source. Whether
- 9 they are the only one or not, you know, I don't
- 10 know what the, you know, I don't know if these
- 11 are the Servall contract prices or if they would
- 12 be the Innovatix contract prices or if there
- would be a difference in those; but yeah, they 13
- 14 are consistent with I think what's in the
- Complaint. 15
- 16 Q. And these prices that are listed for
- 17 the two ipratropium bromide NDCs for Roxane on
- 18 Roxane 96 Exhibit, if these were subject to the
- Servall contract these are the prices that would
- be available to all the members that were part of
- the Servall GPO; is that right? 21
- 22 A. Yes, sir.

Q. Do you have any idea how many members

- were in the Servall GPO around March 2000?
  - A. Well, Servall was a GPO, it was my
- understanding that was for small independent
- pharmacies that typically didn't have a lot of
- revenue and based on their revenue couldn't get
- better deals.
- 8 So if you were a very high volume,
- 9 independent pharmacy McKesson would bring you
- 10 into what I think was called McKesson Select,
- which was their GPO, but if you weren't high 11
- enough volume for them they would kind of point
- you to Servall. But I'm sure Servall would be, 13
- my guess would be had several thousand members 14
- 15 but they would be all small, independent
- 16 pharmacies without high volume, so by no means
- 17 the best prices in the marketplace.
- 18 Q. I just want to be clear that these
- 19 particular prices, as far as you knew, would be
- 20 available to thousands of these small,
- independent pharmacies like Ven-A-Care. 21
- 2.2 A. That is correct, and if they were

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- Innovatix prices they would also be available to
- people who fit into the correct category at
- 3 Innovatix.
- Q. And could they be non-contract prices, 4
- could these have been prices that were available
- directly to any member, any properly ordering
- pharmacy from McKesson?
- 8 A. I don't -- I don't think the -- I don't
- think the McKesson list price is on this invoice
- 10 and I'm -- my recollection is that the McKesson
- 11 list price was not \$11.72, and if we were buying
- without a contract I think we would be paying the
- McKesson list price, which would be a higher
- 14 number than this, and I don't know what that
- 15 number is.

13

- 16 Q. Okay.
- MR. GORTNER: Let's take a brief break. 17
- 18 THE VIDEOGRAPHER: The time is 3:11.
- 19 We're going off the record. End of tape four.
- 20 (Whereupon, a brief recess was taken).
  - THE VIDEOGRAPHER: The time is 3:27.
- 22 We're back on the record. Tape number five.

#### 61 (Pages 1155 to 1158)

1157

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1 carriers, I suspect that Mark Jones and Zach

- Bentley would probably have nor information on
- that particular issue.
- 4 Q. Would you turn to page 20 of the
- Complaint. This is referring to Roxane 92. I
- want to focus your attention on paragraph 42
- 7 which carries over from page 20 and 21, and in
- particular Ven-A-Care alleges that the defendants
- use various forms of media to publicize the price
- and costs of their drugs, and what I want to do
- is tick through some of these categories and have 11
- you tell me whether you know if Roxane, in fact, 12
- used any of these methods for its ipratropium 13
- 14 bromide drug as alleged in this Complaint.
- 15 So let's start with direct mailings or
- 16 electronic communications to pharmacies, for
- instance, which Ven-A-Care was; do you contend --
- 18 that's okay, go 'head.
- 19 A. I, um, well, I can speak to some of
- these. The very first would be that some 20
- manufacturers, when they do price updates, send 21
- pricing updates directly to the state Medicaid

A. You know maybe, and I would have to

- look. I don't -- I don't know that I want to
- absolutely claim that that's the case, but that
- does ring a bell in my mind, that they may have
- had some small advertising things in the Redbooks
- or whatever that I would probably have to look to
- see; but there's something ringing a little bell
- that perhaps there were some in, like, Medical
- 9 **Economics.**
- 10 Q. But you don't know for certain right
- now? 11

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- 12 A. I would not say for certain, no.
- Q. And if Ven-A-Care had, in fact, 13
- received or had a copy of such an advertisement 14
- would it have produced it in this litigation? 15
  - A. If we found it and knew we had it, yes,
- if -- we certainly would have tried to if we
- 18 found it, yes.
- 19 Q. How about any advertisements by Roxane
- with respect to ipratropium bromide and drug
- 21 topics?
- 2.2 A. Um, I don't recall one right now, but

- agencies, and one example of that by Roxane would 1
- be in fact that Roxane is required to send their
- prices directly to the State of Texas Medicaid
- Program by the rules of their program, so that
- 5 Roxane did do that, I can say --
- Q. Let me interrupt you for a moment, 6
- 7 sorry, Dr. Lockwood, it would be quicker, let me
- ask more specific questions that way I think it
- will be quicker to ask the information I'm 9
- 10 actually looking for, which is did Roxane ever
- directly mail Ven-A-Care a price sheet, for 11
- 12 instance, or an advertisement?
- 13 A. I'm not aware of one in our documents.
- I guess there could be. I'm not aware of one 14
- and/or whether we were marketed by a GPO on 15
- Roxane's products. I found one for Dey that we 16
- spoke about earlier after having looked for it, 17
- 18 but I don't recall one right now.
- 19 Q. Okay. Do you recall ever seeing an
- advertisement, a publication like Medical 20
- Economics for Roxane's ipratropium bromide
- 22 product?

1158

- 2 couldn't.
- 3 Q. How about any ads by Roxane regarding

could I absolutely say that it is the case, no, I

- ipratropium bromide in PDR generics?
- A. I would have to look. I can't tell you
- now that there was or wasn't. I don't recall 6
- 7 one.

- 8 Q. And you don't recall any advertisements
- provided directly to physicians or pharmacists by 9
- any Roxane drug company representatives? 10
  - A. Um, no, I don't recall any by
- representatives from -- from Roxane, the company;
- 13 as I said, it may -- sometimes there is some
- marketing material from the GPOs, I would have to
- 15 go look.
- Q. Now, is there any GPO in particular 16
- that you think or believe may have marketed 17
- 18 Roxane's drugs to you?
- 19 A. I don't, um, I don't have one in mind
- in particular but, for instance, I saw a 20
- document, this J.J. Balan document, they would
- often telemarket to us on inhalation drugs in

# 62 (Pages 1159 to 1162)

1159

- 1 general and say look, are you in the market for,
- 2 you know, Albuterol or ipratropium or solutions
- or inhalers or this or whatever, and then if we
- 4 said yes they would send us the, you know, the
- 5 current prices that were available and if there
- were discounts or rebates or whatever associated
- 7 with that they would do that, and the J.J. Balan
- 8 that I looked at here, as I recall, had some
- 9 Roxane drugs on it.
- 10 Q. It didn't exclusively list Roxane drugs
- 11 though, did it? It had other companies' drugs?
- 12 A. Yes, sir, definitely. In fact, some of
- 13 them really marketed a host of inhalation drugs
- 14 from maybe several manufacturers. They were
- 15 looking to generate sales, no question.
- Q. Do you have any recollection of any
- 17 GPO, including J.J. Balan, marketing specifically
- 18 Roxane's ipratropium bromide to you?
- 19 A. Um, right now I don't, I don't have any
- 20 that I can think of. It would be me going
- 21 through the documents that have been supplied to
- 22 you and looking for them. I can't -- I can't

1160

- maintain that I remember every document.
- 2 Q. I'm not asking you about whether you
- 3 have a document that has a Roxane price on it;
- 4 what I'm asking you very clearly is whether
- 5 sitting here today you have any recollection of a
- 6 GPO person on the phone or in person marketing
- 7 specifically a Roxane drug to you.
- 8 A. I don't, but the guy who took most of
- 9 those phone calls would be Luis Cobo, as the
- 10 pharmacist at Ven-A-Care he took -- would take
- 11 the calls from telemarketers, from wholesalers.
- 12 They all wanted to speak to the pharmacist.
- Q. That's not surprising.
- 14 A. And we let them.
- Q. Looking at paragraph 43 on page 21 of
- 16 Roxane Exhibit 92, under 43 a) you mention
- 17 examples of advertisements routinely delivered by
- 18 defendants, including ones that were delivered to
- 19 the State of New Jersey's Medicaid Pharmacy
- 20 Program; do you see that?
- 21 A. Yes.

1

Q. Can you just explain to me generally

1 what is the basis of that allegation and whether

- 2 it involves Roxane, in particular?
- 3 A. Well, throughout the course of the
- 4 investigation we talked to a number of Medicaid
- 5 programs and program directors, and at one point
- 6 we talked to a guy who was the program director
- 7 of New Jersey Medicaid and he told us that he
- 8 had, as I recall, several cabinets full of
- 9 pricing information, flyers, whatever,
- 10 advertising, marketing information, that had been
- 11 sent to him by pharmaceutical manufacturers, and
- 12 we thought that would be interesting stuff to
- 13 look at.
- So we talked to him about it, asked him
- 15 if we could look at it, and my recollection is we
- 16 contacted Reed Stephens at the Department of
- 17 Justice and he agreed to travel from Washington
- 18 to New Jersey and we went to New Jersey and we
- 19 rented a copying machine and we copied, um, I
- 20 don't remember exactly how many pages, but it was
- 21 a lot of pages of information sent from
- 22 pharmaceutical manufacturers directly to state

1162

- 1 Medicaid about a whole host of things, many times
- 2 announcing a new drug, many times including the
- 3 pricing information, sometimes not, and -- and
- 4 then we, I guess, filed that, those copies, and,
- 5 um, it gave us some insight I think into the fact
- 6 that there was a lot more paperwork going to
- 7 state Medicaid programs than what one might have
- 8 suspected; and, in fact, many manufacturers were
- 9 worried that pricing changes and updates that
- 10 were going through the compendia were not being
- 11 picked up quickly enough and that they wanted, if
- 12 they raised their AWP they wanted the state
- 13 Medicaid programs to become aware of that
- 14 immediately.
- Q. Do you recall whether there were
- 16 documents from Roxane in that collection that you
- 17 copied?
- 18 A. I do not.
- 19 MR. GORTNER: Jim, I don't believe
- 20 these documents have been produced in this
- 21 litigation.
- MR. BREEN: I'll have to check. If they

# 63 (Pages 1163 to 1166)

1163

- 1 were requested they were produced, if they were
- 2 -- but I'll have to check. I know the ones he's
- 3 talking about.
- 4 Q. And then in terms of when you reviewed
- 5 documents at the Texas Medicaid office in circa
- 5 2000 that we were talking about earlier today,
- 7 did you make copies and retain those documents?
- 8 A. I would have to look. I would say
- 9 this, we sometimes made copies of essentially the
- 10 print screen from the Texas Vendor Drug Program's
- 11 computer system that showed what they were
- 12 paying, and that allowed us to have copies of
- 13 those so that we could compare that to what we
- 14 were paying.
- Whether we have a copy of the actual
- 16 files that were submitted by the manufacturers to
- 17 Texas Medicaid I'd have to look, I don't know if
- 18 we -- I don't know if we copied those files or I
- 19 don't know if we were allowed to copy those
- 20 files. I don't recall. We were allowed to look
- 21 at them.
- Q. Are there any more state Medicaid

1164

- 1 agencies where you were allowed to copy documents
- 2 of this sort related to manufacturer reports?
- 3 A. No, I -- I don't think -- I think we
- 4 asked a number of Medicaid programs if they had
- 5 that sort of thing, and most of them sort of
- 6 routinely said that they looked at them and threw
- 7 them away. Whether they entered data from them
- 8 or those sorts of things I don't specifically
- 9 know, but I think most Medicaid programs said
- 10 that they got what they, you know, might have
- 11 referred to as sort of junk mail or whatever from
- 12 manufacturers that they often threw away; but
- 13 whether they acted on some of it or not, um, you
- 14 know, I think some of them may have, I don't
- 15 know.
- Q. Now, if we could turn to page 146 of
- 17 Roxane 92, and in particular on page 146 and 147
- 18 it appears that Ven-A-Care is again reporting in
- 19 these two boxes its cost of about, of around --
- 20 from around March of 2000 for ipratropium bromide
- that's at issue; do you see them?
- 22 A. Yes, sir.

1165

- 1 Q. Those appear to be roughly the same
- 2 prices as were in the earlier Complaints;
- 3 correct?
- 4 A. Yes, I think the 12.95 price changed
- 5 and 11.70 was substituted in the first chart and
- 6 11.70 is used in the second chart.
- 7 Q. Let's turn now to Roxane 93, which is
- 8 Ven-A-Care's Third Amended Complaint filed
- 9 February 15, 2005, and in particular I want to
- 10 draw your attention to Exhibit 1, which is at the
- 11 back of the Complaint, and in Exhibit 1 it
- 12 appears that you list a series of Roxane NDCs
- 13 that you are now alleging fraud with regard to;
- 14 do you see that?
- 15 A. Yes.
- Q. Can you explain how it was that in 2005
- 17 you added so many drugs from a single ipratropium
- 18 bromide drug to all these Roxane drugs?
- 19 A. Um, I think we made essentially a
- 20 tactical decision with the attorneys to add in
- 21 more drugs. Um, the pricing for many of these
- 22 drugs was certainly available from the Econolink
  - 1166
  - 1 software, we had the Servall pricing, but we had
- 2 prices on some of these NDC numbers that went
- 3 back a number of years and we made a decision to
- 4 add these NDCs in to the Complaint.
- 5 Q. Now, before filing this Complaint on
- 6 February 15, 2005, the Texas Ven-A-Care Complaint
- 7 against Roxane had been unsealed; isn't that
- 8 right?

15

- 9 A. Um, yeah, I think so. I would think we
- 10 were, yes, yes.
- Q. Isn't it true that you'd received
- 12 documents from Roxane produced in the Texas
- 13 litigation before February 15, '05?
- 14 A. I would expect.
  - Q. And there had been depositions of
- 16 Roxane personnel before February 15, 2005; do you
- 17 remember that?
- 18 A. I would think so, um hum, yes.
- Q. Did you review the Texas documents that
- 20 were produced by Roxane?
  - A. As part of the Texas case we looked at
- 22 Roxane documents, yes.

#### (Pages 1167 to 1170) 64

1169

1167

Q. And you reviewed them before February

- 15, '05; isn't that right?
- 3 A. Yes, sir.
- 4 Q. And did you attend any of the
- 5 depositions of Roxane personnel in the Texas
- 6 case?
- 7 A. I don't think I -- I don't think I did,
- I think Mr. -- Mr. Jones I think attended all of
- those, or not all of them but many of them. I
- did go to some other, I think, third party 10
- depositions where the Roxane attorneys were 11
- involved, but I don't think that I went to a
- deposition of a Roxane employee personally, I 13
- 14 don't think so.
- Q. Do you recall Department of Justice had 15
- an attorney at some of the Texas depositions of 16
- Roxane personnel?
- 18 A. It's my understanding that they did,
- 19 yes.
- 20 Q. Do you remember who that was or if
- there were different ones? 21
- 22 A. I think there were different ones, but

- about it.
- 2 (Witness peruses exhibit.)
- 3 A. Okay.
- 4 Q. There is a statement in there,
- paragraph No. 188, where Ven-A-Care alleges that
- Roxane's AWPs and WACs are in some cases more
- than 500 percent of its AMPs.
- 8 Do you see that statement about the
- defendants and AWPs and WACs in some cases being
- 10 more than 500 percent of their AMPs?
- 11 A. Yes, I see the statement.
- 12 Q. Can you explain how Ven-A-Care knew
- that? What is the basis of that statement? 13
- 14 A. Well, um, it was a -- a line of
- 15 assumptions in general, because we didn't have
- AMP from manufacturers, we didn't have them, it's
- 17 that simple, but what we did know was that for
- 18 some drugs that the prices that we were paying
- were some of the higher prices in the marketplace
- not the lower prices in the marketplace, and we
- believed that as much, as you said earlier, that,
- that anybody with a Servall contract could buy at 22

- George Henderson I think was one of the attorneys
- who attended some of the Roxane depositions, yes.
- Q. Do you remember if Mr. Stephens was at 3
- some of the depositions? 4
- A. You know, he may have been, I don't --5
- I don't know, but that may be the case, yes. 6
- 7 Q. And how did your review of Texas
- 8 documents or the depositions taken in the Texas
- case inform your allegations in this Complaint? 9
- MR. BREEN: Objection to form. 10
- A. I don't think it -- I mean I think we 11
- used -- in filing this Complaint we used the
- pricing information that we had. I could look, 13
- but I'm not aware of Ven-A-Care ever using any
- documents obtained in or any subpoenaed documents 15
- 16 in filing our Complaints, um, I'm not aware of
- that ever happening. 17
- Q. Let's turn to page 102 of the Complaint 18
- and in particular paragraph 188. 19
- 20 A. Okay.
- Q. Maybe you could quickly review that 21
- paragraph and I'll ask you a couple of questions

- 1170
- those prices, anybody with an Innovatix contract or anybody with a McKesson Select contract or in
- fact anybody who was a legitimate purchaser in
- the marketplace who was truly in business and
- trying to make a living, we believed that
- virtually all of these people were availing
- themselves of contract pricing or discounted
- pricing in one form or another, and we made an
- assumption that in essence if, you know -- I'll
- give you just a hypothetical, which I can't 10
- guess, if you gave me some time I might be able
- 11 to work one out for someone's drug here -- but if
- the reported WAC is \$50.00 on a product and we
- believed, based on our survey of the marketplace,
- that no one in the marketplace could be paying 15
- more than \$5.00 for that product or no prudent
- purchaser in the marketplace could be paying more 17
- 18 than \$5.00, we would imagine that the AMP for
- 19 that product would be somewhere around \$5.00 or
- at least a large enough discrepancy between the 20
- \$50.00 reported WAC and a marketplace that we see
- that centering around \$5.00 --

# 65 (Pages 1171 to 1174)

1171

- 1 Q. Let me interrupt you just for a moment,
- 2 and I apologize, Dr. Lockwood, because I think
- 3 you answered my question, which is when you used
- 4 the phrase A-M-P or AMP in this paragraph, you
- 5 were referring to a guesstimate by Ven-A-Care of
- 6 what the AMP should be not the actual AMP
- 7 numbers?
- 8 A. Precisely, absolutely, definitely.
- 9 Q. At any point did you ask to receive
- 10 AMPs from the Federal Government?
- MS. ST. PETER-GRIFFITH: I'm going to
- 12 object to the form of the question.
- 13 MR. BREEN: Me too.
- MR. GORTNER: Let me try to rephrase
- 15 it.
- Q. Did you ever request AMPs from any
- 17 federal entity?
- 18 MS. ST. PETER-GRIFFITH: I'm going to
- 19 object to the form of the question. It's the
- 20 substance that, you know, I'm directing -- that I
- 21 have a concern about, because it suggests that
- 22 there's an opportunity to do that. That's the
- 1172

- 1 basis of my objection.
- 2 MR. GORTNER: Okay. I appreciate that.
- 3 MR. BREEN: May I suggest one of those
- 4 "do you recall" or "do you know" before you ask
- 5 him to answer the question? Do you know what I'm
- 6 saying?
- 7 MR. GORTNER: Let's take a step back.
- 8 Q. Do you recall or do you know whether
- 9 you, in fact, I mean did you have a belief --
- 10 scratch that.
- Did Ven-A-Care have a belief as to
- 12 whether it could ask any federal entity to
- 13 receive AMP information as part of its
- 14 investigation?
- 15 A. You are going to have to read that back
- 16 to me, I'm sorry, I have to understand that
- 17 better.
- Q. Did Ven-A-Care have a belief as to
- 19 whether it could ask any federal entity to
- 20 receive AMP information as part of its
- 21 investigation?
- A. I think the way I can answer this is to

- 1 say that there might be circumstances where the
- 2 government, state or federal, might ask us to
- 3 look at something or might ask us to look at an
- 4 AMP or a best price, um, in regarding these
- 5 pricing cases; but I don't think we ever believed
- 6 that we were empowered to get that as part of an
- 7 investigation alone, necessarily.
- 8 I think at some point, you know, I
  - don't know, this is lawyers stuff, um, once we
- 0 become party to some litigation whether we have
- 11 the right to subpoena that is a whole other
- 12 issue, I guess, I don't know; but we weren't
- 13 using some AMP information that we got from
- 14 anybody to make these kinds of statements. We
- 15 were saying that there are situations where the
- 16 marketplace is so different from the reported
- 17 prices that the AMPs can't possibly be based on
- 18 our look at the market, they can't possibly be
- 19 even close.

9

- Q. Going back to what you said a moment
- 21 ago, did you ever receive AMP information with
- 22 respect to any manufacturer?
- 1174

- 1 MS. ST. PETER-GRIFFITH: Objection to
- 2 form.
- 3 MR. BREEN: Objection to form. And also
- 4 object to the last response as non-responsive.
- 5 A. Um, we were asked to look at -- if you
- 6 mean received did somebody hand me a document o
- 7 tell me to look at a document that may have had
- 8 an AMP on it as part of a lawsuit, yeah, yeah.
- 9 Q. Who asked you to look at it?
- 10 A. Oh, any number of, I mean Attorney
- $11\ \ \,$  Generals or U.S. Attorneys may have had me look
- 12 at a document that had AMP on it because I --
- MR. BREEN: I'm going to object at this
- 14 time getting into the "because" on the grounds of
- 15 attorney-client privilege.
- 16 THE WITNESS: Okay.
- MR. BREEN: And I'll instruct the
- 18 witness not to answer any of the because's. If
- 19 you'll let me talk to the witness I think I can
- 20 assist you to get through this, because I think
- 21 there is some confounding of issues here pre- and
- 22 post-discovery.

# 67 (Pages 1179 to 1182)

we're in agreement in terms of what Ven-A-Care

1179 1181 1 A. Okay. 1 (Discussion held off the record.) 2 Q. Did any states ask you to review AMP 2 (Whereupon, a brief recess was taken). information as part of this DOJ litigation? 3 THE VIDEOGRAPHER: The time is 4:33. 4 A. For Roxane? 4 We're back on the record. Tape number 6. 5 O. Um hum. 5 CONTINUED EXAMINATION BY MR. GORTNER: 6 A. For Roxane, no, none that I'm aware of, 6 7 no, no. 7 Q. Dr. Lockwood, during Ven-A-Care'S 8 Q. Okay. How about at any point in time, investigation of Roxane it never had an inside have you ever been asked by any states to review source, like an employee or someone who worked at 9 AMP information pertaining to Roxane? 10 Roxane, giving it information, did it? MR. BREEN: As part of this litigation, 11 A. No, not -- no. 11 the February 2007 litigation? 12 Q. And no one at Ven-A-Care ever, 12 MR. GORTNER: I'm asking for any obviously, worked at Roxane; isn't that right? 13 13 14 litigation. 14 A. That's correct. MR. BREEN: Now we are into any 15 Q. And had anyone at Ven-A-Care outside 15 16 litigation? 16 this litigation ever had communications with 17 MR. GORTNER: Yes. 17 anyone from Roxane? MR. BREEN: Okay. I'll object to the 18 18 A. Well, I think I could only speak for form of the question and I'll instruct the myself. I haven't. I haven't called the company 19 19 witness not to answer because it's so broad it's or something like that directly. 20 20 21 going to necessarily encompass things that may be 21 Q. Are you aware if any of the principals of Ven-A-Care have ever had contact with a Roxane covered by attorney-client privilege and work 1180 1182 employee or representative outside of this product privilege. 1 MR. GORTNER: Let's break it down to 2 2 litigation? cases that have been unsealed. 3 A. Not that I'm aware of, no. 3 Q. Are you aware of a variety of state AGs Q. Is it fair to say that in terms of 4 that have sued Roxane in this AMP litigation? Ven-A-Care's knowledge of what occurred 5 6 A. Okay. internally at Roxane's business, all that 7 Q. With respect to cases ongoing, cases 7 information would come from either documents or that have been unsealed -- and this should deal 8 testimony in this litigation? with the sealed situation -- have any of those 9 MR. BREEN: Objection to form. 9 states asked you to review AMP information 10 10 A. Well, I don't think that Ven-A-Care had pertaining to Roxane? -- well, I think what Ven-A-Care had was the 11 11 12 A. I don't think I recall seeing AMP market prices and its view of the marketplace and 12 information on Roxane, you know, I don't remember that formed the basis for our Complaints. 13 13 seeing it on Roxane, period. 14 14 We didn't have a source of knowledge If we did see it it would have been 15 inside of Roxane that would allow us to know 15 16 16 part of the litigation in Texas once it was something about what was going on at Roxane. unsealed and being litigated; but I don't think, To the extent that we became familiar 17 17 18 I don't have a recollection right now of seeing 18 with any of that it would be during the course of 19 Roxane's AMPs in that case. 19 litigation. 20 MR. GORTNER: Let's take a short break. 20 Q. Okay. So let my take you through a THE VIDEOGRAPHER: The time is 4:23. We 21 couple of specific categories and make sure that

are going off the record.

## 68 (Pages 1183 to 1186)

1 did or did not know about these practices outside

2 of the litigation.

3 How Roxane internally calculated its

- 4 AWPs, Ven-A-Care didn't know anything about that;
- 5 correct?
- 6 MR. BREEN: Objection to form.
- 7 A. I think what we always believed was
- 8 that companies were always responsible for their
- AWPs and internally how Roxane decided what AWP
- 10 was is not something that we or what they
- 11 reported was not something that we knew, no.
- Q. And the same would go for a WAC, right,
- 13 what Roxane internally understood WAC to
- 14 represent, Ven-A-Care didn't have direct
- 15 knowledge of that outside the litigation?
- 16 A. We knew what we thought WAC represented
- 17 and what was going on in the marketplace; but no,
- 18 we didn't know what Roxane was doing regarding or
- 19 how they decided to report a WAC or not report a
- 20 WAC.
- Q. And the same would be for how Roxane
- 22 internally determined the actual sales prices for

1184

- 1 their drugs at issue in this litigation?
- 2 A. Absolutely. I think we have -- I mean
- 3 I understand how the marketplace works and I
- 4 understand that they might have to respond to
- 5 price cuts by other manufacturers in the
- 6 marketplace but -- so I understand, I believe we
- 7 understand that -- but as to when Roxane decided
- 8 to cut a price or raise a price, that was their
- 9 own internal business.
- 10 Q. And you didn't know -- Ven-A-Care
- 11 didn't know anything about that?
- 12 A. No, we didn't have knowledge.
- What we -- the knowledge we had was the
- 14 knowledge that was in the marketplace that was
- 15 proprietary to us and/or the marketplace that
- only people that could buy these drugs might
- 17 know.
- Q. Okay. It's fair to say that outside of
- 19 this litigation Ven-A-Care didn't know anything
- 20 about how Roxane trained its sales force, for
- 21 instance?
- 22 A. No, we wouldn't -- we didn't know

anything about how they did sales training, that

- 2 would be correct.
- 3 Q. And didn't know anything about how
- 4 Roxane internally decided to market its drugs;
- 5 isn't that right?
- 6 MR. BREEN: Objection to form.
- 7 A. Well, only, not internally, but only
- 8 what we saw externally, meaning our view of the
- 9 marketplace that came to us being a small
- 10 pharmacy.
- Q. Now, did any Roxane representative ever
- 12 market the spread on any of its drugs to
- 13 Ven-A-Care?
- 14 A. I'm not aware of that, as I said,
- 15 whether some -- we got some GPO flyer or
- 16 something like, that I'm not aware of one. If we
- 17 have one I expect it's in the documents we've
- 18 produced; but no, I don't know of one right now.
- Q. But you are not aware of any Roxane
- 20 salesperson --
- 21 A. No, sir.
- Q. Let me just finish the question so it's

1186

1185

- 1 clear on the record.
- 2 A. I'm sorry.
- 3 MR. BREEN: Playing the Great Karnac
- 4 here. Excuse me.
- 5 THE WITNESS: I'm sorry.
- 6 Q. You are not contending that any Roxane
- 7 salesperson or employee ever marketed a spread on
- 8 any of Roxane's drugs to Ven-A-Care?
- 9 MR. BREEN: Objection to form.
- 10 A. No, I'm not aware of any Roxane
- 11 salesperson coming to Ven-A-Care and knocking or
- the door or calling us directly, who is a Roxane
- 13 employee and marketing to us, I'm not aware of
- 14 that, no.
- 15 Q. Now, outside of the documents and
- 16 testimony in this litigation, did Ven-A-Care have
- 17 any information as to any discussions that Roxane
- 18 may have had with GPOs that were selling its
- 19 drugs?

- MR. BREEN: Objection to form.
  - A. No, I mean only to the extent that we
- 22 -- that we might see something coming from a, um,

69 (Pages 1187 to 1190)

1187

- 1 GPO or from a wholesaler about Roxane's prices or
- 2 marketing their drugs, that would be our view of
- 3 the market, meaning what we would see, you know,
- 4 and that works, you know, I think that would
- include any flyers, faxes, you know, other things
- that we might get from wholesalers and/or GPOs.
- 7 That -- that was pretty much our view of the
- 8 market.
- 9 Q. Let me be more precise in my question
- 10 because what my question --
- 11 A. Okay.
- Q. -- is is whether Ven-A-Care, outside of
- 13 this litigation, had any information about
- 14 whether Roxane had discussions with GPOs about
- 15 the marketing of its drugs.
- 16 A. Well, only to the extent that Roxane's
- 17 drugs were offered by GPOs, and to that extent I
- 18 think we would assume that Roxane had made some
- 19 contract or bid with that GPO to provide the
- 20 prices, but we were not in the middle of those
- 21 meetings or discussions; but we certainly knew if
- 22 a drug was being offered by a GPO that they had

1188

- had discussions with Roxane regarding those
- 2 prices and the members who would qualify because
- 3 that's the sort of information they required from
- 4 us.
- 5 Q. I understand that. It's just fair to
- 6 say that you didn't know anything about what the
- 7 content of those discussions, if any, were?
- 8 A. That would be correct, other than the
- 9 prices that we would see and/or any sales
- 10 materials that we might see as a result of that.
- 11 I would assume, in the example we made
- 12 earlier today, that Dey Laboratories was aware
- 13 that Servall was sending a flyer out advertising
- 14 its rebate. I would believe that and infer that,
- 15 and if I saw a similar flyer on Roxane -- which I
- 16 can't produce for you now or tell you even exists
- 17 -- then I would make the assumption that Roxane
- 18 knew that the GPO was doing that.
- Q. You just didn't know that for a fact?
- 20 MR. BREEN: Objection, form.
- 21 A. I don't know that Roxane, that's
- correct, I don't -- I wasn't in the conversation,

1189

- 1 I wasn't at the negotiation, that's correct.
- 2 Q. And I would be correct in stating that
- 3 the same would apply to any communications
- 4 between Roxane and wholesalers, that Ven-A-Care
- 5 didn't have direct knowledge about any
- 6 communications between Roxane and wholesalers
- 7 outside of the information in this litigation?
- 8 MR. BREEN: Objection to form, and I'd
- 9 ask that the court reporter read the question
- 10 back and the witness listen to it.
- 11 [The requested portion of the record
- 12 was read.]
- MR. BREEN: Objection to form.
- 14 A. Well, I would just say, once again, and
- 15 I'll probably say it over and over again, that we
- 16 have our view of the marketplace and to the
- 17 extent that information is passed on to us from
- 18 wholesalers or GPOs, in the marketplace about
- 19 companies and their drugs, that we believe that
- 20 the company knows or is familiar with and is
- 21 responsible for the information being passed
- 22 along, if that includes prices or advertising or

- rebates, that we believe that it's reasonable and
- 2 correct to assume that the company is aware of
- 3 that; but beyond that I don't have information on
- 4 Roxane's internal workings and that I think
- 5 sums it up.
- 6 Q. Or Roxane's specific communications, if
- 7 there were any, between wholesalers and Roxane on
- 8 the drugs at issue in this litigation?
- 9 MR. BREEN: Objection to form.
- 10 A. I don't have those specific
- 11 communications, although I might have the
- 12 information from those.
- For instance, what the price to Servall
- 14 members might be may have been on a communication
- 15 between Roxane and Servall and I suspect I could
- 16 infer that there absolutely was a communication
- 17 along those lines and I think I could rely on it.
- Q. Let's turn to Roxane Exhibit 94, which
- 19 is the United States Complaint that was unsealed
- 20 in late January of 2007.
- 21 Did you have a chance to review this
- 22 Complaint before it was unsealed, Dr. Lockwood?

## 70 (Pages 1191 to 1194)

1191

1 A. I don't -- I don't believe I read this

- 2 Complaint prior to it being filed. Um, the
- 3 Government doesn't necessarily ask me to approve
- 4 their Complaints. I may have participated in
- 5 information that's in the Complaint but I don't
- 6 think I -- I don't recall having the opportunity
- 7 to read the final Complaint and I'm not even sure
- 8 if I read a draft. I assume my attorneys did, but
- 9 I'm not so sure that I did.
- 10 Q. Do you understand that Ven-A-Care
- 11 subsequently adopted this Complaint as its
- 12 Complaint as well in this litigation?
- 13 A. I understand that that is the -- that
- 14 has or is what happened, yes, I understand that.
- Q. Could you please turn to paragraph 61
- 16 on page 16 of this Complaint, and I'll ask you to
- 17 quickly review paragraph 61 and I'll have a few
- 18 questions about it.
- 19 (Witness peruses document.)
- 20 A. Okay, I've read it.
- Q. Is it fair to characterize that
- 22 paragraph ascribing an alleged pricing strategy

1192

- 1 that Roxane developed in 1996 pertaining to the
- 2 launch of ipratropium bromide?
- 3 A. That appears to be what it talks about,
- 4 yes.
- 5 Q. Now, in light of what we were talking
- 6 about a moment ago, Ven-A-Care didn't have any
- 7 information, did it, outside of this litigation,
- 8 of what Roxane's pricing strategy was in 1996
- 9 with respect to ipratropium bromide?
- MR. BREEN: Objection, form, asked and
- 11 answered.
- 12 A. Well, I guess there's a couple of ways
- 13 of looking at this paragraph, and the way that I
- 14 think Ven-A-Care would look at this paragraph is
- 15 that Ven-A-Care became aware of the price that
- 16 Roxane was reporting in the compendia, AWPs
- 17 and/or WACs, and we became aware of the prices
- 18 that we were seeing in the marketplace and we
- 19 were -- became aware that those prices were
- 20 decreasing in the marketplace while the reported
- 21 prices were in some circumstances, like the AWPs
- 22 I believe they were staying the same or perhaps

1193

- 1 maybe for some drugs going up. The WACs might be
- 2 coming down but might not be coming down as
- quickly as the retail prices.
- 4 From all of the pricing information
- 5 that we could glean from the information we had
- 6 available I think we could draw the assumptions
- 7 that Roxane was responsible for the AWPs and WAC
- 8 they were reporting, and they were also
- 9 responsible for their prices in the marketplace,
- 10 and to the extent that there were discrepancies
- 11 between those it was our impression that there
- 12 was a problem.

Did we have the internal documents that

14 talked about that, that problem? The answer is

15 no, no.

Were we able to infer from what we were

17 seeing in the marketplace that there might be

- 18 discussion along those lines? I can only tell
- 19 you what we could see, which was the reported
- 20 prices were -- were significantly higher than the
- 21 prices in the marketplace and we felt that that
- 22 created a problem on which we could base a

- 1 Complaint but we didn't have the internal
- 2 knowledge of the internal documents that were
- 3 either there or not there.
- 4 Q. But you did obtain documents pertaining
- 5 to the launch of ipratropium bromide in the Texas
- 6 and other litigation, didn't you?
- 7 A. Certainly at some point when that
- 8 litigation was unsealed and litigated we saw
- 9 documents, yes, sir.
- Q. And that was well before February 2007,
- 11 wasn't it?
- 12 **A. Yes, sir.**
- Q. And you took depositions of Roxane
- 14 personnel before February of 2007 with respect to
- 15 the launch of ipratropium in 1996, didn't you?
- 16 A. Yes, we took or our attorneys took
- 17 depositions from Roxane employees, yes.
- Q. It's not your testimony, is it, that
- that deposition testimony, the documents that
- 20 Ven-A-Care reviewed, have nothing to do with the
- 21 allegations in paragraph 61, is it?
- MR. BREEN: Objection, form.

#### 71 (Pages 1195 to 1198)

A. I guess what I'm saying is, is that

2 within paragraph 61 I believe our -- are the

- 3 components of our core allegations in our earlier
- 4 Complaints.

1

- 5 These specific and any specific
- 6 reference to -- and I don't know that there's a
- 7 specific document referenced here, but it looks
- 8 that way at least -- would be part of the
- 9 government's investigations, whether it be State
- 10 or Federal, that became their view of Roxane, so
- 11 to speak.
- We didn't have the ability, outside of
- 13 government, to have that view of Roxane. So I
- 14 guess what I'm saying is I believe our core --
- 15 our core issues are found within this paragraph
- 16 but without the internal documents we certainly
- 17 didn't have internal documents to prove that.
- 18 I -- I could infer that Roxane was
- 19 developing a pricing strategy to have a
- 20 discrepancy between their AWPs and their WACs and 20
- 21 their market prices, just based on what I'm
- 22 seeing in the marketplace that they had made,

1196

- 1 because I'm assuming they're responsible for all
- of this, they know what they're doing, they're a
- 3 large manufacturer with a marketing plan in a
- 4 marketplace environment and if they're eroding,
- 5 if prices are eroding in the marketplace and
- 6 they're keeping the prices up that are reported,
- 7 I believe they know what they're doing.
- 8 Q. Dr. Lockwood, my question was simple, I
- 9 believe.
- 10 **A. Okay.**
- Q. Which was, did prior to January 2007
- 12 Ven-A-Care receive documents from Roxane in the
- 13 Texas litigation that addressed the issue of
- 14 Roxane's ipratropium bromide launch in 1996?
- 15 A. I would expect that we did, yes, in, in
- 16 that litigation, that -- that information other
- 17 than -- and the Texas litigation there was
- 18 information that was designated "attorneys eyes
- 19 only" information that we were not allowed to
- 20 see, and my recollection is Roxane used that
- 21 designation for a significant number of their
- documents, um, but we saw documents as part of

1197

- 1 that litigation, yes, absolutely.
- Q. Do you have any reason to believe that
- 3 you did not see documents pertaining to Roxane's
- 4 ipratropium bromide launch in 1996 prior to the
- 5 unsealing of this Complaint, Roxane 94?
  - A. Well, I guess what I would say is that
- 7 I think we saw documents that surrounded the
- 8 launch of ipratropium in '96 and the documents
- 9 that we at Ven-A-Care saw were -- the principals
- 10 of Ven-A-Care saw were documents that were not
- 11 labeled "attorneys eyes only," so there's a whole
- 12 host of documents out there that I haven't seen
- 13 is kind of my point.
- 14 There are a whole host of documents
- 15 that I have seen, and some of those surround the
- 16 launch, but I'm trying to decide if the documents
- 17 that I have seen really and fully and completely
- 18 support what's said in paragraph 61. I don't
- 19 **know.**
- 0 I can't -- I can't, in my mind, come up
- 21 with a Roxane document that's sort of an aha!
- 22 moment for me that says aha! here's the documen

1198

- 1 that says that that's the missing link. I don't
- 2 -- I don't have that in my mind. It may be
- 3 there, I may have seen it or it may be "attorneys
- 4 eyes only," I'm not sure.
- 5 Q. You testified earlier that Mark Jones
- 6 did attend all the depositions taken of Roxane
- 7 personnel in the Texas litigation; isn't that
- 8 right?
- 9 A. That's correct, and I would suggest
- 10 that Mr. Jones was probably generally more
- 11 knowledgeable about the litigation that occurred
- 12 in Texas with Roxane, that he was following that
- 13 case more closely than I was.
- Q. Let's take a look at paragraph 64 of
- 15 the Complaint on page 17. I'd like you to look
- 16 over that paragraph quickly and let me know when
- 17 you are done reviewing it.
  - (Witness peruses exhibit.)
- 19 A. Okav.

- Q. In particular there's a quote of a
  - Roxane senior marketing manager which claims to
- 22 quote in part that Roxane reported AWP and WAC

## 71 (Pages 1195 to 1198)

1195

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